

## TEACHERS' RETIREMENT BOARD

### BENEFITS AND SERVICES COMMITTEE MEETING

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SUBJECT: Adoption of Lump Sum Death Payment Adjustment

ITEM NUMBER: 8

ATTACHMENT(S): 1

ACTION: X

MEETING DATE: June 4, 1998

INFORMATION: \_\_\_\_\_

PRESENTER: Ms. DuCray-Morrill

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#### SUMMARY

A lump sum death payment is payable to the beneficiary upon the death of a member, either active or retired, under certain conditions specified in statute. Education Code section 23801 provides for payment of a \$5,000 death payment to the beneficiary of an eligible deceased member who had coverage under the Family Allowance program pursuant to Chapter 22 of the Teachers' Retirement Law (TRL). Section 23851 provides for payment of a \$20,000 death payment to the beneficiary of an eligible deceased member who had coverage under the Survivor Benefit program pursuant to Chapter 23 of the TRL. And Section 23880 provides for payment of a \$5,000 death payment to the beneficiary of an eligible deceased retired member. Each of these three sections provide that the Teachers' Retirement Board "may adjust the death payment amount following each actuarial valuation based on changes in the All Urban California Consumer Price Index".

The stated death payment amounts were established by legislation effective October 16, 1992 and adjusted to the current amounts after the June 30, 1995 Valuation. With completion of the June 30, 1997 actuarial valuation, the State Teachers' Retirement System's consulting actuary has assessed the change in actuarial status of the System from the previous actuarial valuation of the System as of June 30, 1995, and has determined that the actuarial status has improved. The actuary has determined the impact of inflation on the current death payment amounts and determined that adjustment of these amounts will have immaterial impact on the funding of the System.

Therefore, the consulting actuary recommends the Board adopt an increase of the death payment amounts which reflects the change in the All Urban California Consumer Price Index (CCPI) as follows:

<u>Effective Date</u>	<u>CCPI</u>	<u>CCPI Date</u>	<u>Retired</u>	<u>Active Coverage A</u>	<u>Active Coverage B</u>
July 1, 1996	154.2	12/1995	\$5,227	\$5,227	\$20,908
July 1, 1998	162.0	12/1997	\$5,493	\$5,493	\$21,974

Adoption of Lump Sum Death Payment Adjustment – Item 8  
June 4, 1998  
Page 2

To be consistent with the implementation of other factors it is recommended these amounts be implemented effective July 1, 1998.

### **RECOMMENDATION**

Staff recommends that the Teachers' Retirement Board adopt the adjusted lump sum death payment amounts to be effective July 1, 1998.

PROPOSED  
RESOLUTION  
OF THE  
TEACHERS' RETIREMENT BOARD  
BENEFITS AND SERVICES COMMITTEE

SUBJECT: Adoption of Lump Sum Death Payment Adjustment  
Effective July 1, 1998

RESOLUTION NO. \_\_\_\_\_

WHEREAS, the Teachers' Retirement Law permits the Board to adjust the death payment amounts pursuant to Education Code sections 23801, 23851 and 23880 following each actuarial valuation, based upon changes in the All Urban California Consumer Price Index, and

WHEREAS, the Consulting Actuary has determined that the System's actuarial status has improved between the Actuarial Valuation of the System as of June 30, 1995, and the Actuarial Valuation as of June 30, 1997, and

WHEREAS, the Consulting Actuary has further determined that inflationary adjustment to the death payment amounts at this time would have immaterial impact on the funding of the System; therefore, be it

RESOLVED, that effective July 1, 1998, the lump sum death payment payable pursuant to Education Code section 23801 on account of the death of an eligible member under Coverage A, be increased to \$5,493; that the death payment payable pursuant to Section 23851 on account of the death of an eligible member under Coverage B, be increased to \$21,974; and that the death payment payable pursuant to section 23880 on account of the death on an eligible retired member, be increased to \$5,493.

Adopted by:  
Benefits and Services Committee

Ratified by:

Teachers' Retirement Board

on June 4, 1998

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James D. Mosman  
Chief Executive Officer